

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 PM-05 PA-02 PRS-01 INR-07 USIA-15
SIG-02 /042 R

DRAFTED BY EA/P:STAFF:AJA
APPROVED BY EA/P:WMGARUDER
DESIRED DISTRIBUTION
USIA/IEA - M. SMITH

-----070124 171836Z /43

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ATTN PARIS FOR MARK PRATT

E.O. 11652: N/A

TAGS: SOPN, XC, US

SUBJECT: AUGUST 17 EA PRESS SUMMARY

1. CHINA

NYT, WP, WSJ, NYDN, SUN, REUTER, AP PHINQ, WP-BG ALL CARRY
REPORTS ON VANCE CHINA VISIT/DOS' 8/16 NOON BRIEFING WHICH
FOCUSED ON MISSION/SEN KENNEDY'S SPEECH. QUOTING DOS' CAR-
TER, ALL REPORT TRIP "EXPLORATORY," "PROCESS OF MOVING
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TOWARD FULL NORMALIZATION" AND NOT LIKELY TO PRODUCE MAJOR
RESULTS. NYT'S GWERTZMAN NOTES DOS' ATTEMPT LOW-KEY EX-
PECTATIONS ON MISSION. REUTER'S GREYSON ELABORATES THIS
DELIBERATE PLOY BEING USED IN VIEW FAILURES OF ME/SALT
TALKS. ALL REPORT DEPT'S DENIAL KENNEDY SPEECH "TRIAL
BALLOON' FOR ADMIN .

OECD RREPORTCALLS CHINA'S ECON GROWTH OVER LAST 25 YRS
"RESPECTABLE BUT NOT SPECTACULAR." PREDICTS 3-5 PCT ANNUAL
GROWTH RATE IN FUTURE IF NO "RADICAL ATTEMPTS TO 'LEAP
FORWARD'" EMPLOYED (UPI JOC, WP).

MEXICO CALLS FOR CHANGES IN GENEVA DISARMAMENT CONF TO
ENABLE PRC/France JOIN (REUTER GENEVA). NCNA RENEWS ATTACK

ON USSR FOR "AGRESSION AND EXPANSION" IN RED SEA AREA
(REUTER PEKING).

NCNA REPORTS TENG HSIAO-PING CALL FOR GREATER SCIENTIFIC
DEVELOPMENT (REUTER HK). EDIT IN PEOPLE'S DAILY CALLS
FOR TIGHTER WORKER DISCIPLINE/IMPROVED QUALITY OF WORK.
LATEST IN SERIES OF ARTICLES BEARING IMPRIMATUR TENG
HSIAO-PING (REUTER PEKING).

2. AUSTRALIA

NEW GOVT BUDGET PROPOSES LOWER PERSONAL INCOME TAXES/STEEP
OIL PRICE RISES; CONTINUES ANTI-INFLATIONARY THRUST (AP,
WSJ). EXXON UNIT PURCHASES 25 PCT INTEREST IN QUEENS-
LAND COAL PROJ FOR 54 MIL DOLS (WSJ).

3. KOREA

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WIVES/MOTHERS OF 30 JAILED DISSIDENTS DEMAND IMMEDIATE/UN-
CONDITIONAL RELEASE ALL DISSIDENTS (REUTER, NYT).

STUART (CSM) REPORTS AT LEAST 5 INFLUENTIAL US SENS HAD
SOCIAL TIES W/TONGSUN PARK; ANOTHER 2 MET/WERE APPROACHED
BY HIM; 3 OTHERS WERE OFFERED FAVORS BY SKOREANS W/NO
KNOWN CONNECTION TO PARK. ADDS MOST OF 27 CURRENT SENS
ON LIST NOW IN HANDS INVESTIGATORS WHO DESCRIBED BY PARK
AIDE AS "ASSOCIATING" W/PARK SAY CANNOT REMEMBER EVER
MEETING HIM.

4. PHILIPPINES/JAPAN

FUKUDA ARRIVES FROM BANGKOK TO COMPLETE 6-COUNTRY SEA
TOUR AIMED AT REASSURING REGION OF GOJ'S DESIRE COOPER-
ATE FOR PEACE/STABILITY. WILL TALK W/MARCOS (REUTER
MANILA).

5. JAPAN

TOKYO GOV MINOBE LEFT JAPAN 8/16 FOR CONF JAPANESE/US
MAYORS, CHAMBER OF COMMERCE PRESIDENTS IN SEATTLE FROM

8/21-24. MINOBE WILL ALSO VISIT HAWAII/SF/DC/NY (REUTER
TOKYO 8/16).

JOC'S LORENZ (KL) REPORTS OBSERVERS SEE FUKUDA'S ASEAN
TOUR CHARACTERIZED BY LIMITED GENEROSITY/PRAGMATIC, LONG-
TERM SELF-INTEREST. SAY PM SEEMS CLEARLY INDICATE PRICE
FOR JAPANESE AID IS GUARANTEED ASEAN UNITY.

GOJ ANNOUNCES RECORD MONTHLY VISIBLE TRADE SURPLUS 2050
MIL DOLS FOR JULY--NEARLY DOUBLE JUNE SURPLUS/OVER 4 TIMES
LAST YR'S FIGURE (REUTER'S OWEN, TOKYO 8/17; WP). TRADE
SURPLUS VIS-A-VIS US MORE THAN 700 MIL DOLS (UPI, JOC).

EZRA VOGEL, CHRMN HARVARD'S COUNCIL ON EA STUDIES, SAYS
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US SHOULD ADOPT JAPANESE ECON/POL PRACTICES IN ORDER PRE-
VENT FUTURE PROBLEMS IN THOSE FIELDS. SUGGESTS EASING
US ANTITRUST LAWS/INSTALLATION "ELITE BUREAUCRACY" TO
ENSURE CONTINUITY IN GOVT (NAGLE, NYT).

JAPANESE ECONOMISTS SEE TEXTILE CRISIS FORTHCOMING FROM
CONTINUED RECESSION CONDITIONS. TEXTILE GOODS NO LONGER
PLAY IMPORTANT ROLE IN JAPAN'S DOMESTIC/INTL BUSINESS,
ARE HISTORICALLY PRONE TO SUFFER MOST FROM RECESSION.
RESULT IN 1ST 6 MONTHS '77 WAS TOTAL 640 BANKRUPTCIES
IN INDUSTRY W/TOTAL DEBTS REACHING NEARLY 1 BIL DOLS (CUL-
LISON, JOC TOKYO).

MITSUMI TRADING HOUSE HAS WON ORDER VALUED AT 22.4 MIL
DOLS FOR ELECTRIC POWER SUBSTATION FROM BAHRAIN ELECTRICITY
DIRECTORATE. TOKYO SHIBAURA ELECTRIC/HYUNDAI CONSTRUCTION
CO OF SK WILL PARTICIPATE IN PROJECT (WSJ).

JAPAN FAIR TRADE COMMISSION OFFICIAL/EX-PUBLISHER ARRESTED
8/16 ON CHARGES DISCLOSING CORPORATE SECRETS ON EPOXY
RESINS (UPI, NYT).

OVER 1200 PEOPLE IN N JAPAN HAVE SUFFERED SYMPTOMS OF
FOOD POISONING OVER PAST 4 DAYS, APPARENTLY AFTER EATING
RAW SHELLFISH/CRABS (AP, WP).

SUN'S TAKAYAMA (TOKYO) DOES ITEM ON HARAJUKU--"THE CHAMPS-
ELYSEES A LA TOKYO."

NYT PRINTS UPI ITEM RE YUKITERU KUBO, WHO WAS RECENTLY AR-
RESTED FOR BILKING 118 WOMEN OUT OF 36,000 DOLS--AFTER
BEING ENGAGED TO ALL OF THEM WITHIN 19 MONTHS.

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6. INDOCHINA

WITH PRES' APPROVAL, DOD TUES ORDERED RESUMPTION MIL REVIEWS OFFICIAL STATUS 712 US SERVICEMEN STILL LISTED AS MIA OR POW, SAYING ISN'T "CREDIBLE EVIDENCE" ANY ALIVE. HAS BEEN 4-YR MORATORIUM ON SUCH REVIEWS DUE COURT CHALLENGES BY RELATIVES, WHO CONTINUE DRAW FULL ACTIVE-DUTY PAY/ALLOWANCES AS LONG AS MIAS NOT DECLARED DEAD. SPOKESMAN FOR NATL LEAGUE FAMILIES CHARGES CARTER BROKE CAMPAIGN PROMISES NOT NOT NORMALIZ; RELS W/SRV, NOT LET

THEM INTO UN UNIL ALL MIA INFO GIVEN. REP GILMAN (R-NY), MEMBER HOUSE SELECT CMTE ON MIAS, SAID "WHOLESALE STATUS REVIEWS..WILL DEAL FINAL FLOW TO THIS NATION'S INTERNATIONALLY ACKNOWLEDGED RIGHT OBTAIN ALL AVAILABLE INFORMATION ON ITS MIAS" (AP SUN, CHITRIB; UPI, GLOBE; NYNS PHINQ, GLOBE; WSJ; ANTEVIL, NYDN; LOGAN, WP).

ADNPIC (SUN) SHOWED HCM CITY HARBOR IN FULL OPN, W/SHIPS FROM SOCIALIST COUNTRIES READY TRADE.

7. THAILAND

RTG OFFICIALS ANNOUNCED PUBLIC BURNING NEXT WK 1.3 TONS DRUGS SEIZED IN RECENT YRS. SUCH BURNINGS EXPECTED BE HELD EVERY 2 MONTHS (REUTER BANGKOK).

COMMENT AND ANALYSIS

8. CHINA

EVANS/NOVAK IN WP, BG SAY SECSTATE ON UPCOMING CHINA VISIT WILL BE RESTRAINED BY PRES FROM MAKING ANY DECISION ABANDON TAIWAN--LINE BEING URGED BY SINOLOGISTS IN ADMIN. VANCE'S MISSION LIMITED PRESUMABLY TO GIVE PRES MORE TIME REFLECT ON ISSUE. ADMIN ADVISORS ADVOCATING POLICY OF UNCLASSIFIED

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PRM-24, WHICH SEES QUICK BREAK W/TAIWAN, FULL RELS W/PRC, REMOVAL ALL US FACILITIES ON TAIWAN. BUT THIS ACTION IN VIEW OF PRESSING OTHER ISSUES--ISRAEL, PANAMA--NOT PRACTICABLE NOW. ADD DESPITE HUMAN RTS CAMPAIGN, ADMIN ADVISORS HAVE LITTLE INTEREST IN TAIWAN. QUESTION WHAT PRC LEADERSHIP WILL THINK OF SUPERPOWER WITH SO "LITTLE FAITHFULNESS TO SMALL ALLIES."

WP ON SEN KENNEDY SPEECH DEFLATES IDEA THAT US CAN HAVE FULL RELS W/PRC AND AT SAME TIME ENSURE SECURITY OF TAIWAN. WOULD BE MORE STRAIGHTFORWARD TO CONCEDE NEED TO NORMALIZE IS SO GREAT THAT US WILLING BREAK W/TAIWAN; RISK CREDIBILITY IN UPHOLDING COMMITMENTS.

CSM ADVOCATES CAUTIOUS APPROACH TO NORMALIZATION. WHILE US MUST MOVE TOWARD DIP RELS W/PRC, CANNOT ACCEPT ANY CONDITION WHICH WOULD GIVE PRC OPTION OF SETTling TAIWAN QUESTION W/FORCE. CHARGES ADMIN BACKS OVERALL CONCEPT TO GUIDE POLICY IN ASIA.

CSM'S BOURNE IN VIENNA BELIEVES DESPITE IDEOLOGICAL RIFT, ALBANIA/PRC DAY-TO-DAY RELATIONSHIP NOT IMPAIRED.

9. INDOCHINA

MORITZ (CSM) REPORTS FROM HK THAT IN ADDITION TO INTERMITTENT SKIRMISHES ON CAMBODIA/THAI BORDER, EVIDENCE MOUNTS THAT CAMBODIANS ALSO FIGHTING SERIOUS BORDER DISPUTE W/SRV. BEHIND CONFLICT ARE UNCERTAIN DEMARCATION LINES, DISPUTED OFFSHORE ISLANDS, CAMBODIAN REFUGEES IN VN, PLUS RELS EACH HAS W/LARGER COMM POWERS. ONE REPORTED CONFRONTATION AREA IS NE CAMBODIAN PROV, OCCUPIED BY SRV. RTG PM SUSPECTS PP PROVOKING TROUBLE W/RTG/SRV TO UNIFY UNCLASSIFIED

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ITS PEOPLE; CALLS IT RISKY BUSINESS IN FACE 2 SIMULTANEOUS BORDER CLASHES. RTG UNDECIDED WHETHER RETALIATION OR RESTRAINT IN ORDER AT THIS TIME. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, DIPLOMATIC RELATIONS ESTABLISHMENT, VISITS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE195144
Document Source: CORE
Document Unique ID: 00
Drafter: STAFF:AJA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770297-0262
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770852/aaaabrvi.tel
Line Count: 259
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 28196b59-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1574762
Secure: OPEN
Status: NATIVE
Subject: AUGUST 17 EA PRESS SUMMARY
TAGS: SOPN, XC, US, (VANCE, CYRUS R)
To: EA POSTS MOSCOW MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/28196b59-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009